

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 1683 – HB 2179**

February 11, 2014

**SUMMARY OF BILL:** Requires public institutions of higher education to establish a tuition freeze upon each student's entry into the institution. Tuition is defined as tuition and fees. To qualify for a tuition freeze, the student must be granted in-state tuition; maintain continuous enrollment; and maintain a grade point average of at least 3.0. A student's eligibility for the tuition freeze will terminate when a student earns a bachelor's degree or when four years have passed from the time the student entered the institution, whichever occurs first. Students who receive the discount and subsequently become ineligible for the tuition freeze may not regain eligibility. If a student is granted medical or personal leave from the institution, then the tuition freeze shall be in effect when the student returns to the institution. For students who have been granted medical or personal leave, the terminating events shall be same as regular students in the tuition freeze program. Students who transfer shall remain eligible for the tuition freeze, however, their rates will be calculated based on the rates that are effective at the time of their transfer. Authorizes students who were enrolled at a higher education institution in the 2013-2014 academic year to be eligible for a tuition freeze calculated at the FY14-15 tuition rate for the 2014-2015 academic year.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures –**

**Exceeds \$100,000/FY14-15**

**Exceeds \$6,545,200/FY15-16**

**Exceeds \$8,000,000/FY16-17 and Subsequent Fiscal Years**

**Assumptions:**

- Lost revenue for state higher education institutions will be replaced with state appropriations rather than increase in tuition and fees.
- According to the Tennessee Board of Regents (TBR), there will be a one-time increase in state expenditures estimated to exceed \$100,000 in FY14-15 for programming to the Banner system in order to set-up the tuition freeze program.
- No loss in tuition or fee revenue in FY14-15 since all cohorts of students will be paying the tuition rate that they would have paid under current law.
- Students in their sophomore, junior, or senior year of study who were enrolled in the 2013-2014 academic year will be eligible for the tuition freeze in FY15-16.

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- In FY15-16, TBR estimates that the difference in tuition rates for FY14-15 and FY15-16 for students who are under a tuition freeze based on FY14-15 tuition rates is \$436 for university students and \$217 for community college students. This difference will increase annually.
- In FY15-16, TBR estimates the decrease in tuition and fee revenue will be \$4,496,904 (10,314 estimated students x \$436) for university students and \$1,048,327 (4,831 students x \$217) for community college students.
- Specific information on the impact of any tuition freeze was not received from the University of Tennessee (UT). However, the decrease in tuition and fee revenue relative to the UT system in FY15-16 and subsequent fiscal years is reasonably estimated to exceed \$1,000,000.
- The total increase in state expenditures in FY15-16 as a result of lost tuition and fee revenue is estimated to exceed \$6,545,231 (\$4,496,904 + \$1,048,327 + 1,000,000).
- Based on information received from TBR, and with an annual tuition increase of at least six percent, the recurring increase in state expenditures in FY16-17 and subsequent fiscal years as a result of lost tuition and fee revenue is estimated to exceed \$8,000,000.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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